

# Hero MotoCorp Ltd

## The game changer adopted 360-degree approach and on strong foothold!

Hero MotoCorp launched its 1<sup>st</sup> EV brand 'Vida' in two variants (V1 Plus & V1 Pro) with a host of attractive features, better tech specs at competitive price. The company calmly understood customers' problems and brought in multi-focused 360-degree approach to provide solutions for each issue. Providing a combination of techno-rich features viz. one of the highest range, fast & multi-prolonged approach on charging, using existing wide reach for distribution, setting-up charging facilities, easy & low-cost financing, buy-back assurance, increased storage capacity, smart-tech & many other hosts of features. We believe the company has not left any stone unturned on EVs (collaborated with Ather, Gogoro, in-house R&D, Zero Motorcycles, partnered with HPCL & BPCL), this approach will be well taken by potential customers. All the best practices & learnings from collaboration & partnership and from existing players in the market has been incorporated in Vida to make it one of the best in the industry. **Hero MotoCorp being known for quality could increase customers' footfalls/inquiries. We maintain BUY rating on the stock for a target price of Rs 3,198 (16x FY24e EPS & valued FinCorp separately).**

### What customers look into EV & how Vida is standing vs. its close peers...?

- Vida is competitively placed well as compared to its peers and in fact, the below mentioned technical parameters are much better than its listed counterparts.

Particulars (SMIFS Institutional Equities)	Model Name						
	Vida V1 Plus	Vida V1 Pro	iQube Electric S	Chetak Premium	450X Gen 3	S1 Pro	Okhi90 STD
OEM	Hero	Hero	TVS	Bajaj	Ather Energy	Ola Electric	Okinawa
Price (in Lakhs) - ex-showroom	1.45	1.59	1.30	1.47	1.46	1.39	1.21
Motor type	PMSM	PMSM	BLDC	BLDC	PMSM	Mid Drive IPM	-
Range (KM/charge)	143	165	100	95	146	181	160
Charging time (in hrs/full charge)	1.2 KM/min (upto 80%)		7.0	5.0	5.4	6.3	3 to 4
Top speed (kmph)	80	80	78	63	80	116	80-90
Battery capacity (kWh)	3.4	3.9	3.0	3.0	3.7	4.0	3.6
Underseat storage (in litres)	26	26	17	18	22	36	40
Warranty in years	5.0	5.0	3.0	7.0	3.0	3.0	3.0
Warranty (KM)	50,000	50,000	50,000	70,000	30,000	40,000	-
Battery warranty (in years)	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Battery warranty (in KM)	30,000	30,000	50,000	50,000	-	Unlimited	-
Buy back assurance	Upto 70% of the purchase value		-	-	-	-	-

### What we like the most?

- There is hardly any OEM in India, which has a multiple battery charging option in one eScooter. **Vida's batteries are portable can charge** 1) at charging stations – fast charging, 2) in home - batteries are removable and 3) via portable charger – can be charged anywhere.

#### Vida taken charge of charging in three ways



- The charging speed of 1.2 KM/min for 0-80% charging is commendable and is the best across quality EV players. The battery has the most important safety feature of auto-cut when fully charged.

Y/E Mar (Rs Mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	PAT	YoY (%)	EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY20	288,361	(14.3)	39,580	13.7	30,952	7.3	182	22.9	22.0	13.6	10.4
FY21	308,006	6.8	40,192	13.0	29,642	(18.4)	148	20.2	19.3	19.4	11.6
FY22	292,455	(5.0)	33,688	11.5	24,730	(16.6)	124	16.0	15.2	22.0	12.9
FY23e	338,872	15.9	44,881	13.2	32,493	31.4	163	19.7	18.9	16.1	8.9
FY24e	373,969	10.4	52,250	14.0	39,337	21.1	197	22.0	21.2	13.3	7.4

Source: Company, SMIFS Institutional Research Estimates



Rating: **Buy** Upside: **21.9%**

Current Price: **2,624** Target Price: **3,198**

#### | Earlier recommendation

Previous Rating: Buy

Previous Target Price: 3,198

#### | Market data

Bloomberg:	HMCL IN
52-week H/L (Rs):	2,950/2,148
Mcap (Rs bn/USD bn):	524/6.3
Shares outstanding (mn):	200
Free float:	65.0%
Daily vol. (3M Avg):	0.68 mn
Face Value (Rs):	2
Group:	Nifty 50

Source: Bloomberg, SMIFS Institutional Research

#### | Shareholding pattern (%)

	Jun-22	Mar-22	Dec-21	Sep-21
Promoter	34.8%	34.8%	34.8%	34.8%
FII's	28.8%	29.2%	29.6%	32.3%
DII's	25.6%	24.2%	23.7%	21.9%
Public/others	10.8%	11.8%	11.9%	11.0%

Source: BSE

#### | Price performance (%) \*

	1M	3M	12M	36M
Nifty 50	-2%	7%	-3%	56%
HMCL	-8%	-8%	-8%	-2%

\* As on 7<sup>th</sup> Oct 2022; Source: AceEquity, SMIFS Research

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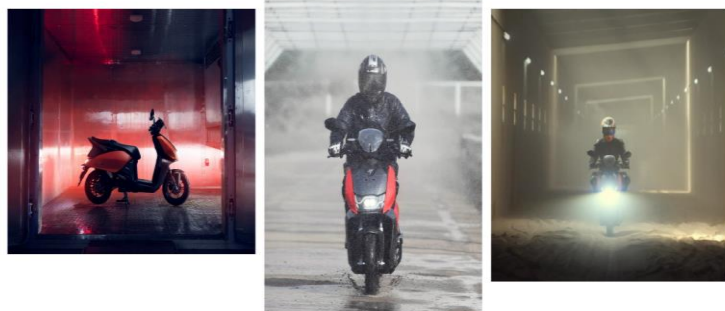
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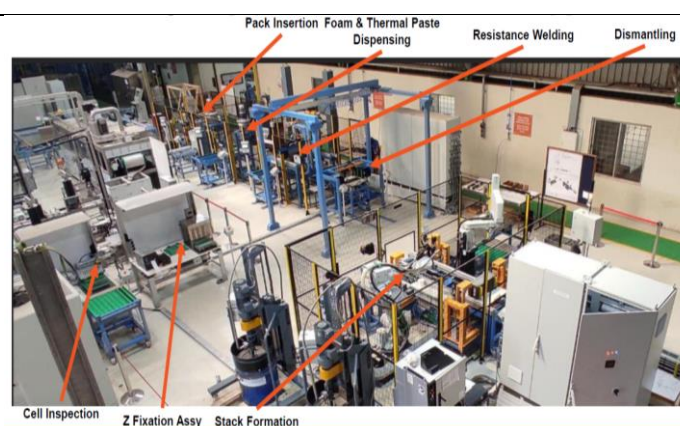
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- The charging is one of the important roadblocks for adoption of electric vehicle in India. With multi-way charging offered by Vida as one of the most liked feature, we trust that customers likely to inquire the most about this product.
- The biggest advantage of Vida models is that they are providing removable batteries that means getting fully charged will be a matter of minutes.
- Hero is building up one of the best charging networks in 2W segment. A slot can be booked remotely at the convenience of the customer.
- Vida is safer as the testing has gone beyond regulatory standards and the battery stops charging automatically once it reached at 100% charge level. The model is tested on various tough terrains & temperatures.
- The battery is designed, developed & manufactured in-house of 3.4 and 3.9 Kwh, which is upgradable upto 5 Kwh (highest capacity density among competitors).

#### Battery has gone through industry-first stringent testing and can withhold shock loads



#### Battery packs are made in-house



#### Endurance testing of batteries

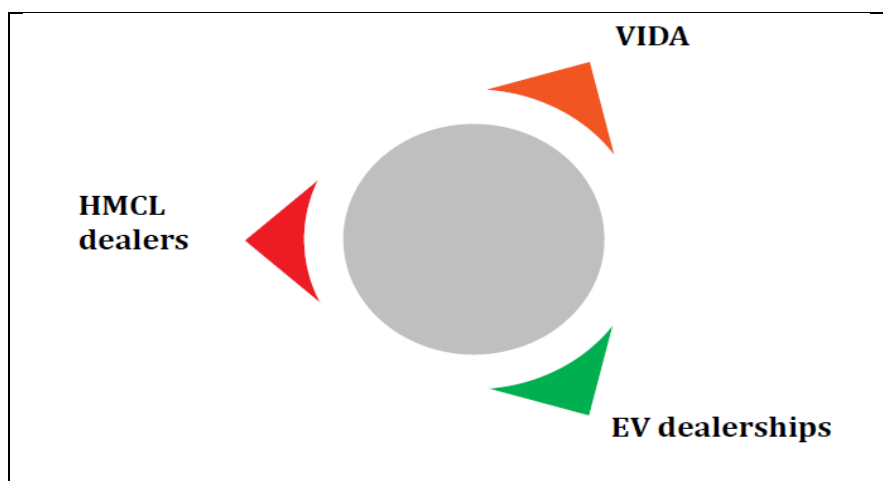


#### Tested in tough terrains & temperatures



#### Hero to use its existing strength to increase reach faster (scalable model)

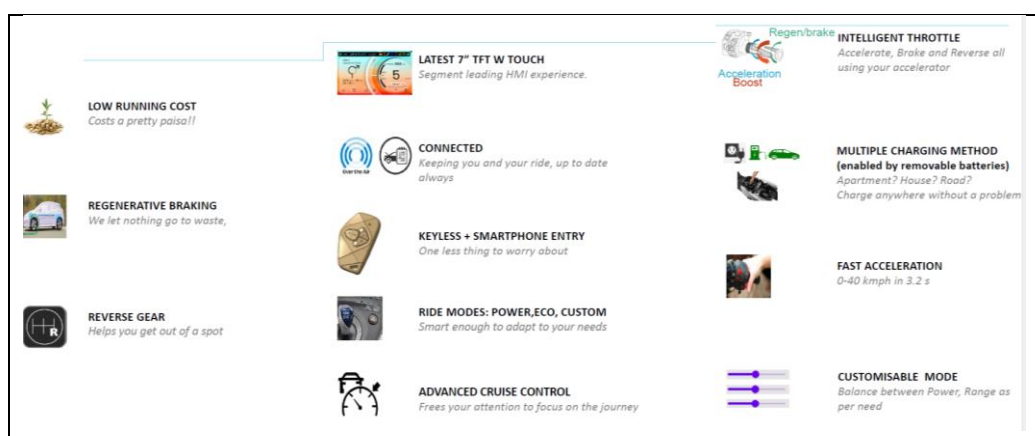
- Vida launched two variants viz. V1 Plus and V1 Pro (higher variant). Initially, it can be booked at the experience centre located in Jaipur, Bengaluru and Delhi. By December 2022, it will be available in eight more cities. Potential customers can also book Vida models from its website and pop stores in select popular malls.
- Hero will be using its existing dealerships to increase its network/reach faster across India. Existing dealers are given option to upgrade dealership showrooms to the standards of Vida or an existing dealer can open a new store completely.



- Hero's competitive advantage is its largest & widest existing network of dealers across India (9,000 touch points), that the company will use it appropriately. To create a Vida EV Pod within existing stores (25-100 sqft). Install a product configurator, digital tools and a dedicated person to educate walk-in customers about VIDA.
- Vida has 'Go Global' approach. Exports to Europe will start in the early months of CY23, followed by countries like Latin America, Bangladesh, among other nations.
- The new age players will take time to open new stores & increase the reach across India. Bajaj adopted new store format & KTM channel for eChetak, while iQube is using its existing network selectively to expand. Almost all EV players have the option to book a vehicle online.

#### Other key features of Vida scooter – *delighting customers first*

- Vida eScooter is designed & developed at the CIT in Jaipur and Hero Tech Centre in Germany. This product will get manufactured in Chittor plant, where there is one dedicated EV line and 1/4<sup>th</sup> of employees (200-300) will be dedicated to Vida's production. It will be first launched in Delhi, Bengaluru and Jaipur.
- **Model color options** – Matte White, Matte Sports Red and Gloss Black while VIDA V1 Pro comes in four colors, including these three and Matte Abrax Orange.
- Both the variants are available in **four riding modes** - Sport, Ride, Eco & Custom.
- **Smart-tech features** include 7 inches TFT, OTA updates, 2-way throttle to provide reverse & regenerative assist, the limp home feature and VIDA cloud, among others. Hero's app will be a one stop solution for all EV needs.



- **Financing:** Interest rates will be 1.5-2.0% lower than the market rate with easy paperless journey. Getting a loan for an eScooter is one of the culprits for slow adoption. Hero MotoCorp understood this important problem & provided option for easy & low-interest rate financing.
- **Buy-back assurance:** Hero MotoCorp provided an option to buy-back eScooter between 16-18 months of purchase date for upto 70% of the purchase value. This provides comfort & confidence to all 1<sup>st</sup> time EV buyers. Ather Energy earlier announced the buy-back assurance in October 2020 where Ather provided option to buyback eScooter at the end of three years. In 2021, Ather Energy withdraws this program. No other EV player has this feature.
- **Test rides & repair on site:** Vida is offering three days of test ride options to customers, along with pick & drop of the vehicle. This will increase potential customers' confidence about the brand quality & trust. No other EV OEM has been offering this feature. In addition, the company's executive will be available to provide service anywhere - *repair on site*.

#### Pricing is not disruptive, but kept very competitive

- We believe the pricing is kept competitive for the features it is offering including the best multi-charging options. Although, the price is higher than iQube, but considering higher battery capacity, range and most important Vida has fixed/removable/portable charging options, buy-back assurance along with other premium features. We believe the Vida price is satisfactory & justifiable.
- The company is not playing the pricing game, but the intention is to delight customers by providing host of various features.

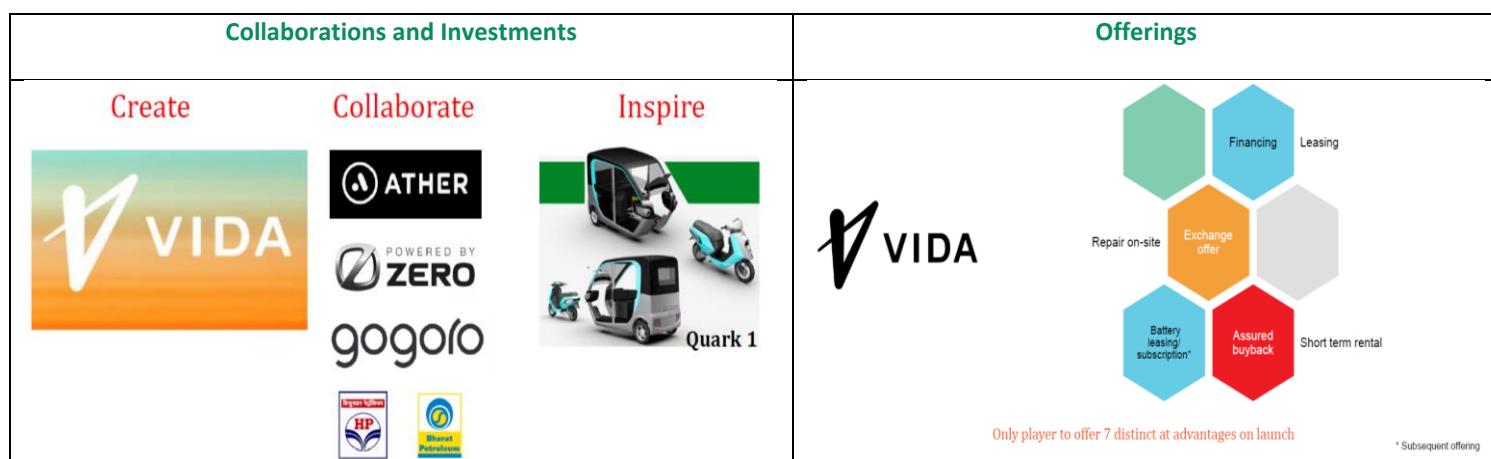
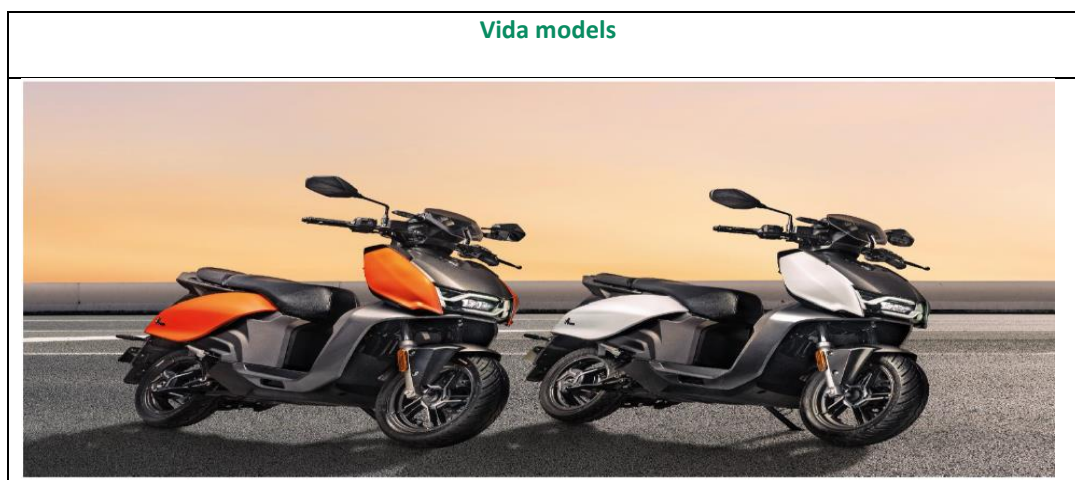
#### New offerings on cards and capex plans

- This time, Vida started with premium pricing, but in the future, it will also make models for the masses. To bring out new products and plans to gradually expand cities/reach.
- Hero MotoCorp to launch model with Gogoro in FY24.
- On ICE side, the company is fully invested in capacities. Rs 10bn annual capex will be more tilted towards electric vehicles and premium products. Manufacturing of EVs is possible by doing some tuning in ICE production lines.
- Hero MotoCorp signed long-term contracts with suppliers, hence so far things looks good as far as the supply situation. The company has three different partners for cells procuring and trying to de-risk in a similar situation for many other components.

#### Margins & localization plans

- At present, Hero is not making any margins, as the intention is to pull customers towards electric by offering a whole lot of features & offers with attractive pricing.
- Margins will come once it achieves certain scale, input costs specially battery prices comes down and localization to increase – that is also the focus area of Hero MotoCorp with suppliers. At present, localization is more than 50%, hence Vida is eligible for subsidies.
- The company is also in talks with Ather Energy to collaborate for joint sourcing.





**Collaboration, investments and offerings are required to grow the market size of electric vehicles.**

#### Hero MotoCorp and Zero Motorcycles deal

1. The company is finalizing a collaboration agreement with a US based company named Zero Motorcycles with the intent to co-develop electric motorcycles.
2. Hero MotoCorp will also invest roughly Rs 4.9bn for about 6.4% equity stake in Zero Motorcycles.
3. The company Zero Motorcycles makes electric motorcycle and serves the US & EU markets. Its revenue was Rs 3.19bn in CY19, which increased to Rs 4.96bn in CY21.
4. Hero MotoCorp has been doing collaborations and investments in electric vehicle companies, which we believe will be supportive to stay ahead of the competition and produce techno-rich products for Indian markets.
5. Zero Motorcycles is valued at Rs 77bn roughly and EV/Sales is ~15.4x. We believe, Hero bought a stake in an EV company at a reasonably fair valuation, looking at other deals in the market that happened at a very high valuation.

#### Rationales behind this deal

1. Zero Motorcycles is a leader in e-motorcycles and serving premium-end electric motorcycles in the US and Europe. Hero-Zero collaboration will make products in India initially for the domestic market and later on will export products to international markets as well.
2. The electric motorcycles will get develop with Zero's know-how and in future, the technology transfer will help Hero MotoCorp to develop eMotorcycles in-house on its own (similar like TVS-BMW partnership).

3. The product will get manufactured mostly in Hero's plant in Andhra Pradesh and whatever small capital expenditure required to setup production lines, etc is under Rs 10bn of capex, which Hero announced earlier (no additional capex is required).
4. Investment of about Rs 4.9bn will complete in one quarter for a 6.4% stake in Zero Motorcycles. This investment is required otherwise, Hero will be just a contract manufacturer. Now, with this investment, Hero will be a preferred partner with Zero for manufacturing & future growth opportunities. Mid-term positive for Hero MotoCorp.

**Few eye-catching electric motorcycles of Zero Motorcycles Inc.**



ZERO DS



ZERO DSR/X



ZERO FXE



ZERO SR

## Outlook and Valuations

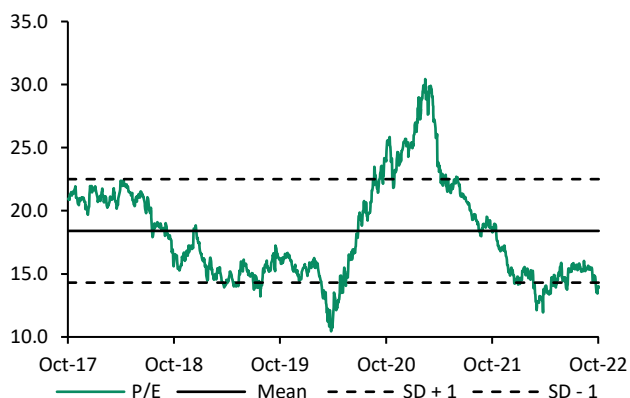
- Hero MotoCorp launched Vida models in two variants (V1 Plus & V1 Pro) with a host of attractive features, better tech specs at competitive price. The company calmly understood customers' problems and brought in multi-focused 360-degree approach to provide solutions for each issue.
- Providing a combination of techno-rich features viz. one of the highest range, fast & multi-prolonged approach on charging, using existing wide reach for distribution, setting-up charging facilities, easy & low-cost financing, buy-back assurance, increased storage capacity, smart-tech & many other hosts of features. We believe the company has not left any stone unturned on EVs (collaborated with Ather, Gogoro, in-house R&D, Zero Motorcycles, partnered with HPCL & BPCL), this approach will be well taken by potential customers.
- All the best practices & learnings from collaboration & partnership and from existing players in the market has been incorporated in Vida to make it one of the best in the industry. Hero MotoCorp being known for quality could increase customers' footfalls/inquiries.
- We believe Hero MotoCorp is **trading at a justifiable valuation of 13.3x FY24e EPS**, and suggest its **worth taking stake** looking at the efforts to fast fill its white spaces viz. exports, premiumization & scooters, along with not leaving any stone unturned for EVs.
- Realistically projected looking at the current demand situation. Assigned 16x FY24e EPS of Rs 197 (valued Hero FinCorp separately), to arrive at a **target price of Rs 3,198 per share**.

### Peers comparison:

Company (Rs Mn)   SMIFS	CMP (Rs)	Market Cap	Revenue				EBITDA margin (%)				PAT				EPS (Rs)				P/E (x)				RoE (%)			
			FY22	FY23e	FY24e	FY25e	FY22	FY23e	FY24e	FY25e	FY22	FY23e	FY24e	FY25e	FY22	FY23e	FY24e	FY25e	FY22	FY23e	FY24e	FY25e	FY22	FY23e	FY24e	FY25e
Bajaj Auto - Standalone	3,602	1,042,228	331,447	357,153	421,255	457,450	15.9%	16.7%	17.5%	17.9%	50,189	53,114	64,681	70,949	165	184	224	245	22	20	16	15	18%	20%	24%	25%
Eicher Motors	3,499	956,712	102,978	136,131	158,364	177,049	21.1%	25.0%	25.8%	26.6%	16,766	26,277	34,714	38,179	61	96	127	140	57	36	28	25	14%	20%	22%	21%
Hero MotoCorp	2,624	524,284	292,455	338,872	373,969	409,645	11.5%	13.2%	14.0%	14.5%	24,730	32,493	39,337	44,855	124	163	197	224	21	16	13	12	16%	20%	22%	23%
TVS Motor	1,085	515,588	207,905	236,289	266,002	297,241	9.4%	10.3%	11.0%	11.3%	8,936	13,050	16,104	19,066	19	27	34	40	56	40	32	27	20%	24%	25%	24%

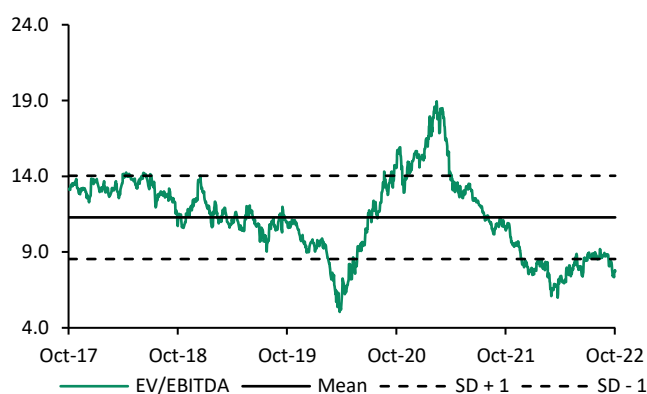
SMIFS Research Estimates

Fig 1: 1-year forward P/E



Source: AceEquity, SMIFS Institutional Research

Fig 2: 1-year forward EV/EBITDA



Source: AceEquity, SMIFS Institutional Research

**Fig 3: Key Assumptions**

Operating Details	FY19	FY20	FY21	FY22	FY23e	FY24e
<b>Domestic Sales Volume</b>						
Scooters	719,087	402,676	443,458	305,892	325,775	345,321
Motorcycles	6,893,688	5,820,782	5,161,582	4,337,548	4,988,180	5,337,353
<b>Total Domestic Sales</b>	<b>7,612,775</b>	<b>6,223,458</b>	<b>5,605,040</b>	<b>4,643,440</b>	<b>5,313,955</b>	<b>5,682,674</b>
<i>Growth (%)</i>	3.1	(18.2)	(9.9)	(17.2)	14.4	6.9
<b>Exports Volume</b>						
Scooters	20,871	16,694	14,552	10,491	10,701	11,450
Motorcycles	187,185	157,848	180,589	290,131	275,363	302,900
<b>Total Exports</b>	<b>208,056</b>	<b>174,542</b>	<b>195,141</b>	<b>300,622</b>	<b>286,064</b>	<b>314,350</b>
<i>Growth (%)</i>	1.8	(16.1)	11.8	54.1	(4.8)	9.9
<b>Total Sales Volume</b>						
Scooters	739,958	419,370	458,010	316,383	336,476	356,771
Motorcycles	7,080,873	5,978,630	5,342,171	4,627,679	5,263,544	5,640,252
<b>Total Sales</b>	<b>7,820,831</b>	<b>6,398,000</b>	<b>5,800,181</b>	<b>4,944,062</b>	<b>5,600,019</b>	<b>5,997,024</b>
<i>Growth (%)</i>	3.1	(18.2)	(9.3)	(14.8)	13.3	7.1
<b>Net Revenues (Rs mn)</b>	<b>336,505</b>	<b>288,361</b>	<b>308,006</b>	<b>292,455</b>	<b>338,872</b>	<b>373,969</b>
<b>Realization per unit (Rs)</b>	<b>43,027</b>	<b>45,070</b>	<b>53,103</b>	<b>59,153</b>	<b>60,513</b>	<b>62,359</b>
<i>Growth (%)</i>	1.3	4.7	17.8	11.4	2.3	3.1

Source: Company, SMIFS Institutional Research Estimates



## Financial Statements

Income Statement					
YE March (Rs mn)	FY20	FY21	FY22	FY23e	FY24e
<b>Revenues</b>	<b>288,361</b>	<b>308,006</b>	<b>292,455</b>	<b>338,872</b>	<b>373,969</b>
% Growth	-14.3%	6.8%	-5.0%	15.9%	10.4%
Materials cost	196,974	217,623	208,267	239,517	262,458
% of revenues	68.3	70.7	71.2	70.7	70.2
Employee cost	18,417	18,987	19,354	20,419	22,052
% of revenues	6.4	6.2	6.6	6.0	5.9
Others	33,390	31,203	31,145	34,055	37,208
% of revenues	11.6	10.1	10.6	10.0	9.9
<b>EBITDA</b>	<b>39,580</b>	<b>40,192</b>	<b>33,688</b>	<b>44,881</b>	<b>52,250</b>
EBITDA margin (%)	13.7	13.0	11.5	13.2	14.0
Depreciation & Amortisation	8,180	6,769	6,498	6,518	6,943
<b>EBIT</b>	<b>31,400</b>	<b>33,424</b>	<b>27,190</b>	<b>38,363</b>	<b>45,307</b>
Interest expenses	220	218	258	266	295
<b>PBT from operations</b>	<b>31,180</b>	<b>33,205</b>	<b>26,932</b>	<b>38,097</b>	<b>45,011</b>
Other income	7,783	5,799	5,569	4,753	6,863
Exceptional items	6,774	-	-	-	-
<b>PBT</b>	<b>45,737</b>	<b>39,004</b>	<b>32,501</b>	<b>42,850</b>	<b>51,875</b>
Taxes	9,404	9,362	7,771	10,357	12,538
Effective tax rate (%)	20.6	24.0	23.9	24.2	24.2
<b>PAT</b>	<b>36,333</b>	<b>29,642</b>	<b>24,730</b>	<b>32,493</b>	<b>39,337</b>
Extraordinary Items	-	-	-	-	-
<b>Reported PAT</b>	<b>36,333</b>	<b>29,642</b>	<b>24,730</b>	<b>32,493</b>	<b>39,337</b>
<b>Adjusted PAT</b>	<b>30,952</b>	<b>29,642</b>	<b>24,730</b>	<b>32,493</b>	<b>39,337</b>

Source: Company, SMIFS Institutional Research Estimates

Key Ratios					
YE March	FY20	FY21	FY22	FY23e	FY24e
<b>Growth Ratio (%)</b>					
Revenue	(14.3)	6.8	(5.0)	15.9	10.4
EBITDA	(19.7)	1.5	(16.2)	33.2	16.4
Adjusted Net Profit	7.3	(18.4)	(16.6)	31.4	21.1
<b>Margin Ratios (%)</b>					
EBITDA margin	13.7	13.0	11.5	13.2	14.0
EBIT margin	10.9	10.9	9.3	11.3	12.1
PBT margin	10.8	10.8	9.2	11.2	12.0
Adjusted PAT margin	10.7	9.6	8.5	9.6	10.5
<b>Return Ratios (%)</b>					
ROE	22.9	20.2	16.0	19.7	22.0
ROCE	22.0	19.3	15.2	18.9	21.2
ROIC	36.4	43.8	37.2	51.7	62.2
<b>Turnover Ratios (days)</b>					
Gross block turnover (x)	2.3	2.3	2.1	2.3	2.5
Inventory	20	25	20	20	20
Debtors	20	29	29	29	29
Creditors	56	87	75	75	75
Cash conversion cycle	(16)	(34)	(26)	(26)	(26)
<b>Solvency Ratio (x)</b>					
Debt-equity	-	-	-	-	-
Net debt-equity	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)
Gross debt/EBITDA	-	-	-	-	-
Current Ratio	2.1	1.8	2.0	2.0	2.0
Interest coverage ratio	143	153	105	144	153
<b>Dividend</b>					
DPS (Rs)	90	105	95	121	139
Dividend yield (%)	3.9	3.3	3.5	3.6	4.6
Dividend payout (%)	49%	71%	77%	75%	71%
<b>Per share (Rs.)</b>					
Basic EPS (reported)	182	148	124	163	197
CEPS	196	182	156	195	232
BV	708	761	790	858	933
<b>Valuation (x)</b>					
P/E	13.6	19.4	22.0	16.1	13.3
P/BV	3.7	3.4	3.3	3.1	2.8
EV/EBITDA	10.4	11.6	12.9	8.9	7.4
EV/Sales	1.4	1.5	1.5	1.2	1.0

Source: Company, SMIFS Institutional Research Estimates

Balance Sheet					
YE March (Rs mn)	FY20	FY21	FY22	FY23e	FY24e
<b>Source of funds</b>					
Capital	400	400	400	400	400
Reserves & Surplus	140,965	151,585	157,430	170,950	186,079
<b>Shareholders' fund</b>	<b>141,364</b>	<b>151,984</b>	<b>157,829</b>	<b>171,350</b>	<b>186,479</b>
Total loan funds	-	-	-	-	-
Deferred Tax Liabilities (Net)	3,928	4,041	3,833	3,833	3,833
Other non-current liabilities	2,440	4,483	4,754	3,614	3,827
<b>Total Liabilities</b>	<b>147,733</b>	<b>160,508</b>	<b>166,416</b>	<b>178,796</b>	<b>194,139</b>
<b>Application of funds</b>					
Gross Block	134,016	138,314	141,341	148,076	155,745
Less: Accumulated Dep,	(76,991)	(82,478)	(87,413)	(92,544)	(97,971)
Net Block	57,025	55,837	53,928	55,532	57,774
Capital WIP	3,413	4,366	4,582	4,582	4,582
<b>Net Assets</b>	<b>60,438</b>	<b>60,203</b>	<b>58,510</b>	<b>60,114</b>	<b>62,356</b>
<b>Investments</b>	<b>35,282</b>	<b>43,082</b>	<b>48,147</b>	<b>54,015</b>	<b>60,492</b>
<b>Other non-current assets</b>	<b>8,888</b>	<b>8,798</b>	<b>9,333</b>	<b>4,999</b>	<b>5,164</b>
Inventory	10,920	14,696	11,227	12,911	14,148
Sundry Debtors	16,031	24,268	23,043	26,700	29,465
Cash & bank balances	2,419	2,572	1,751	6,880	8,554
Loans & Advances	224	230	228	264	292
Short term investments	46,945	61,915	58,377	63,460	69,069
Other current assets	6,348	5,849	6,525	7,560	8,343
<b>Total current assets</b>	<b>82,886</b>	<b>109,528</b>	<b>101,150</b>	<b>117,775</b>	<b>129,871</b>
Sundry Creditors	30,305	52,046	42,603	48,996	53,689
Other current liabilities	7,990	7,452	6,516	7,252	8,003
Provisions	1,466	1,604	1,604	1,859	2,051
Total current liabilities	39,761	61,102	50,724	58,107	63,743
<b>Net current assets</b>	<b>43,125</b>	<b>48,426</b>	<b>50,426</b>	<b>59,668</b>	<b>66,128</b>
<b>Total Assets</b>	<b>147,733</b>	<b>160,508</b>	<b>166,415</b>	<b>178,796</b>	<b>194,139</b>

Source: Company, SMIFS Institutional Research Estimates

Cash Flow					
YE March (Rs mn)	FY20	FY21	FY22	FY23e	FY24e
Operating profit before WC changes	47,517	40,786	34,716	46,030	53,909
Net chg in working capital	12,027	10,700	(6,825)	4,163	873
Income taxes paid	(5,443)	(9,759)	(7,688)	(10,357)	(12,538)
<b>Cash flow from operating activities (a)</b>	<b>54,101</b>	<b>41,727</b>	<b>20,203</b>	<b>39,836</b>	<b>42,244</b>
Capital expenditure	(13,601)	(5,146)	(5,347)	(8,121)	(9,186)
Free Cash Flow	40,500	36,581	14,856	31,715	33,058
<b>Cash flow from investing activities (b)</b>	<b>(28,831)</b>	<b>(22,099)</b>	<b>(1,519)</b>	<b>(15,469)</b>	<b>(16,067)</b>
<b>Cash flow from financing activities (c)</b>	<b>(24,198)</b>	<b>(19,415)</b>	<b>(19,389)</b>	<b>(19,238)</b>	<b>(24,503)</b>
<b>Net chg in cash (a+b+c)</b>	<b>1,072</b>	<b>213</b>	<b>(705)</b>	<b>5,129</b>	<b>1,674</b>

Source: Company, SMIFS Institutional Research Estimates

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